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REPEAL THE FERRY TAX

ECONOMIC DEVELOPMENT MUST REMAIN TOP PRIORITY ON COAST

Taxing transportation in low-tier coastal counties is a **reversal** of long-standing legislative policy designed to spur economic development in this poor region.

In NC's efforts to improve transportation in low-income areas, the history of NC-306 has been a success story until now. ⁱ Free-ferries across the Pamlico and Neuse Rivers are part of a long range development strategy. NC-306 provides a 39-mile long corridor for three peninsulas in coastal NC. ⁱⁱ

One of the earliest free-ferries between Hatteras and Ocracoke Islands awakened the chain of barrier islands known as the Outer Banks. ⁱⁱⁱ

The Neuse River ferry is the southern extension of Highway 306. The US Marine Corps Air Station at Cherry Point, with its civilian work force at the Naval Air Rework Facility, is one of the largest employers of Pamlico County residents. ^{iv}

Hurricane Irene, making landfall during the last week of August 2011, devastated several low-tier counties already suffering from low employment and falling land prices. It will be years before repairs are completed in Beaufort, Pamlico, Hyde, and other coastal counties. Some residents are still living in campers and FEMA trailers; others have given up and moved away. Blue plastic tarps cover roof after roof along coastal roads, while people work to save the money to replace their leaking roofs.

It is not the time to burden commuters as they drive on these free-ferry "bridges". These commuters already pay as much tax as other drivers using NC's statewide network of bridges, bypasses, and highways. ^v

The imposition of tolls on existing roads is recognized to have an economic impact. The Rural Planning Organizations (RPOs), recognized along with the Metropolitan Planning Organizations (MPOs), must first approve any conversion from a non-tolled road to a tolled road. ^{vi}

Though a legalistic argument may be made that a ferry is not a highway, the political reality is quite the opposite.

Coastal citizens treat the free-ferries as their highways. They have been encouraged to do so by the Legislature, which has deemed free-ferries to be more cost-effective than building bridges.

BUREAUCRACY MUST BE CONTROLLED

The NC Dept. of Transportation, as any bureaucracy, cannot be trusted to choose good public policy over self-preservation. When asked to cut \$5 million from its budget for 2012-2013, NCDOT did not "tighten its belt" as private enterprise and families have been forced to do during this economic

downturn. NCDOT chose to tax the public with new ferry tolls. Their choice adds permanent employees and sets the stage for increased tolls in the future. When collections fail to generate projected revenue in the future, the bureaucracy's only response will be to increase tolls.

A bureaucracy will never reduce itself. It must be curtailed by the political will of citizens, expressed through action by elected officials.

A bureaucracy acts for self-preservation and expansion. NCDOT has many plans for expansion.

NCDOT plans to demolish an existing Ferry Division Office and build a new office building at the Cherry Branch Ferry terminal. NCDOT chooses to spend \$800,000 to tear down a functional building and build a larger, more elaborate building. **Such a project could be postponed. In private enterprise, such construction would be postponed as a cost saving, at least until the economy improves.** To a bureaucracy, no such cost savings is considered. NCDOT will continue to spend money until it is prevented from doing so.

NCDOT is seeking to raise \$5 million on the backs of commuters and citizens in low-tier counties ravaged by Hurricane Irene, and still depressed by the recent recession.

Of course, the hurricane had not struck when the budget was passed in the summer of 2011, but NCDOT has no mechanism to analyze itself and change these plans.

Only the Legislative and Executive branches have the ability to promptly respond to the needs of its citizens. The bureaucracy will not respond.

LEGISLATURE MUST ASSUME LEADERSHIP ROLE

It is time for the NC General Assembly to take control of the obvious disconnect between NCDOT plans and effective public policy. The Legislature can require NCDOT to modify expenditures.

Effective economic development policy is the responsibility of the Legislature.

The NCDOT plan to enlarge itself must be curtailed. Struggling coastal residents need the public roads and free-ferries connecting the paved portions of those highways.

In Executive Order #116 issued in February 2012, the Governor ordered a moratorium on the collection of new tolls and related tolling activities set forth in Session Law 2011-145 (HB#200).

The Legislature should solve this dilemma. **The Legislature must rescue coastal citizens from a burdensome and unreasonable tax by permanently addressing this issue during the 2012 Session.**

The NC General Assembly should repeal all new tolls on free-ferries. Delays in construction of optional projects and other reductions in other parts of the NCDOT budget can make up the \$5 million.

Respectfully submitted,
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ⁱ **History of Highway 306:** In 1966, NCDOT free-ferry service was created to connect NC-306 between Bayview and Aurora as part of the highway across the Pamlico River. The date is not coincidental. The ferry was created as a highway connector for NC-306 to provide workers at the newly established mining companies in Aurora a more direct route from work to their homes on the north bank of the Pamlico River. This decision was made using considerable community input. A critical element was the recognition of the potential phosphate industry boom and consequent job creation. The phosphate deposits in Beaufort County were discovered in the early 1950's. Beginning in 1965, PCS Phosphate and its predecessors which began mining and processing phosphate ore at the Aurora phosphate mine. With the majority of workers living on the north shore of the Pamlico River, the ferry-service was seen as an enabler to the economic boom for Beaufort County. It was planned in tangent with the Pamlico Sound and Intracoastal Waterway route used to transport phosphate to the shipping terminus in Morehead City. It is an excellent example of NC's model for government-business-citizen partnerships.

ⁱⁱ **Three peninsulas** include portions of Hyde, Beaufort, Pamlico, Craven, and Carteret Counties; the north and side banks of the Pamlico River and the Neuse River.

ⁱⁱⁱ **History of Ocracoke-Hatteras Free Ferry 1953 to present:** An earlier successful free-ferry was the Hatteras-Ocracoke route set up in 1953. The link created a commercial and commuter artery to Ocracoke Island from Hatteras Island as an extension of NC-12. This free-ferry route continues to be one of the heaviest used in the NCDOT system. It is the economic link for workers, residents, and tourists. It is their highway, their bridge, a major artery for goods and services.

^{iv} **History of Minnesott Beach–Cherry Branch Free Ferry 1973 to present:** After discussions with residents and local governments in Pamlico and Craven Counties, as well as the US Marine Corps, the Cherry Branch-Minnesott Beach free-ferry service across the Neuse River began in 1973. The route is used heavily by workers at the Cherry Point Marine Corps Air Station to commute to and from their homes in Pamlico County. It is the connection between Craven and Carteret Counties for the southern half of Pamlico County. Today, this route is one of the busiest in the system, using primarily by commuters.

^v **Free Ferry commuters already pay** motor fuel tax, alternative fuel tax, and road taxes, pursuant to NCGS §136-176 (a)(1). They also pay the motor vehicle use tax and certificate of title fees and other fees, pursuant to NCGS §136-176(a)(2) and (3).

^{vi} **Conversion of free highways prohibited,** NCGS §136-89.187.

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